

University of Mississippi

eGrove

Guides, Handbooks and Manuals

American Institute of Certified Public
Accountants (AICPA) Historical Collection

1948

Serving the Accounting Profession through Public Relations: Examples of Institute Activities Under the Expanded Public Information Program

American Institute of Accountants. public Information Department

Follow this and additional works at: https://egrove.olemiss.edu/aicpa_guides



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

**SERVING THE
ACCOUNTING PROFESSION
THROUGH
PUBLIC RELATIONS**

**Examples of Institute Activities Under
The Expanded Public Information Program**

**Public Information Department
The American Institute of Accountants
13 East 41st Street
New York 17, New York**

PAMPHLET FOR THE INDIVIDUAL MEMBER

(Distributed to All Institute Members)

PUBLIC OPINION

AND THE

ACCOUNTING PROFESSION



A LOOK AT THE FUTURE

We live in a time of rapid change — technological, economic, social, political. It is also an age in which the subtle shifts of public opinion are enormously important.

During the next decade public opinion may effectively determine how well certified public accountants maintain their status as members of a major profession, lead public thought in matters of accounting and financial reporting and confirm their role in the determination of

WHO CARES ABOUT ACCOUNTANTS?

How many groups in a community want to know about certified public accountants?

THE ACCOUNTANT'S TEN PUBLICS . . .			
FINANCIAL 	EMPLOYEES 	MANAGERS 	OWNERS
LAW 	ACADEMIC 	GOVERNMENT 	JUDICIARY
		PRESS 	ACCOUNTANTS

ning value of the CPA certificate will considerable extent on how much people fied public accountants, and what people

inion, in short, can control both the rate the profession's growth and development. re of that opinion will very largely depend i's ability to inform the public of its func- es, its standards, its achievements and its blic service.

The HOW book

**HOW TO HAVE
GOOD PUBLIC RELATIONS**

- A how-to-do-it guide book for the
Public Information Committees of
State Societies of certified public
accountants and local chapters.

PREPARED BY

**THE AMERICAN INSTITUTE OF ACCOUNTANTS
13 EAST FORTY-FIRST STREET, NEW YORK CITY, N. Y.**

The purpose of the HOW book

Foreword

THIS BOOKLET is offered by the American Institute of Accountants to State societies, and their chapters, in the hope that it will help them in handling their public relations problems and in taking advantage of their public relations opportunities.

It is designed as a how-to-do-it manual, with as little theory as possible and as much emphasis as possible on practical, everyday affairs. The suggestions made reflect both the national public relations program of the Institute, which is included in full in Section III, and a more theoretical discussion of public relations in a booklet called "Public Opinion and the Accounting Profession." Copies of the latter booklet may be obtained from the Institute.

Obviously no booklet of this kind could pretend to offer an answer to every problem, to contain a formula for every opportunity, or to suit precisely the needs of all State societies or chapters. But the recommendations have been well tested in many other public relations programs. Though general in form, the suggestions in most cases can be adapted to meet State and local needs.

Alabama
Arizona
Arkansas
California
Colorado
Connecticut
Delaware
Florida
Georgia
Idaho
Illinois
Indiana
Iowa
Kansas
Kentucky
Louisiana
Maine
Maryland
Massachusetts
Michigan
Minnesota
Mississippi
Missouri
Montana
Nebraska
Nevada
New Hampshire
New Jersey
New Mexico
New York
North Carolina
North Dakota
Ohio
Oklahoma
Oregon
Pennsylvania
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Utah
Vermont
Virginia
Washington
West Virginia
Wisconsin
Wyoming
Alaska
District of
Columbia
Hawaii
Puerto Rico

SAFEGUARDING THE CERTIFICATE

**Useful public relations tools to
meet the threat of bad laws**



Legislative Kit 1949

*A How-to-Do It Kit, designed to help State Societies
of Certified Public Accountants handle legislative
problems which may arise in their States.*

THE AMERICAN INSTITUTE OF ACCOUNTANTS

13 East 41st Street, New York 7, N. Y.

What the Legislative Kit contains

This kit is sent in a loose folder to permit the ready selection of individual items to fit the needs of a particular situation, or the special requirements of each society and chapter. Items included are:

- A covering letter from the President of the Institute.
- An outline of procedures — “If You Have a Legislative Problem.”
- A note on political angles.
- How a bill becomes a law — a step-by-step outline.
- A general background statement on the role of the CPA and the need for maintaining high professional standards — for adaptation as a document to be sent to members of the legislature, or use as source material.
- Questions and Answers covering points likely to be raised in connection with accounting legislation.
- A sample resolution to be adopted by a State society or chapter.
- Sample press release and letters.

American Institute of Accountants

13 East 41st Street, New York 17, N. Y.

SUBJECT: State Legislation

RELEASE: 23

Virginia Kills A Bad Bill

3/10/48

With Public Relations Help From
The American Institute

The attached material was used by the Virginia State Society to prevent the enactment of a bill which would have opened up registration of public accountants.

A bill introduced in the current session of the Virginia ~~legis~~ **THE ACCOUNTING PROFESSION IN VIRGINIA
AND THE UNITED STATES**

HISTORY OF VIRGINIA'S ACCOUNTANCY ACT

Virginia's present Accountancy Act was adopted in 1928. The fundamental feature of this Act is that, with one exception that will be stated later, it permits only certified public accountants to engage in the public practice of accounting. The Act specifies, of course, the process by which a person may become a certified public accountant; and it provides a Board of Accountancy to conduct examinations of applicants for CPA certificates and for administration of the law generally. Hence the law is not only regulatory but also restrictive.

The General Assembly of 1928 made the Act restrictive deliberately, after long and exhaustive inquiry. In doing so, it followed the example of numerous other states whose legislative bodies had come to the same conclusion and taken similar action after equally searching inquiry. It was clearly demonstrated that the heavy personal and professional obligations inherent in the public practice of accounting

American Institute of Accountants

13 East 41st Street, New York 17, N. Y.

Subject: Public Information

Pattern Speeches:

What Is Income?

What Accounting Means to You.

Are your members too busy to prepare a speech?

Speeches before outside groups, like Rotary and Kiwanis Clubs, are the best possible public relations for your society and your members. If members say they haven't time, here is a
sr WHAT IS INCOME? hey

Mr. Chairman, etc. -

Some of you may think the answer to my question would be simple if government, and professors -- and accountants -- had not made it complicated.

Why not say that income is what you take in, and let it go at that? Well, for one thing, income is also what you pay taxes on, and if we had to pay taxes on everything we take in, most of us would soon be broke.

WHAT ACCOUNTING MEANS TO YOU

Mr. Chairman, etc. -

I expect that some of you took one look at my subject and said to yourselves: "That's easy -- what accounting means to me is nothing."

Most people seem to have a natural aversion to figures, and I'm afraid they think there is something a little odd about anyone who spends his time working with them. Four out of five probably think of an accountant as a kind of glorified book-keeper -- something like a successful undertaker who has become a mortician.

(Before all the morticians start after my scalp, let me

TO HELP THE PUBLIC TO UNDERSTAND

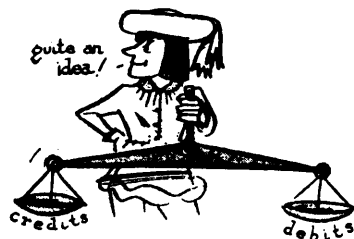
HOW TO

READ

AN

ANNUAL

REPORT *by STUART CHASE*



Reprinted by
THE AMERICAN INSTITUTE OF ACCOUNTANTS
from "THE LAMP"
by permission of
The Standard Oil Company (New Jersey)
1948

THE "LAMP" REPRINT GIVES HELPFUL HINTS TO READERS OF CORPORATE REPORTS—

EDITOR'S NOTE: *Stuart Chase began his working life in Boston as a C.P.A. in the office of his father, Harvey Stuart Chase, a pioneer in the field. Later he turned to economic research and then to writing. For Mr. Chase, this study of annual reports is a happy meeting ground of years of financial experience and a gift for explaining complexities in simple terms.*

YOU slit the envelope and out comes the financial report, dripping figures. It looks most impressive, but what has it got to tell you?

Well, what do you want to know? What are the important questions you would like to have answered?

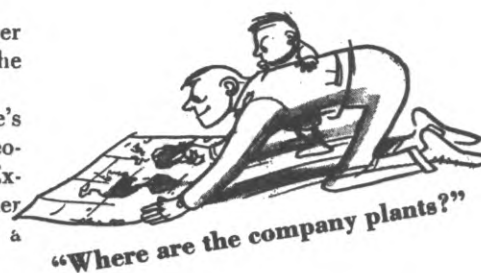
In this article we will think primarily of a small stockholder. We will call him

an's bonus. Excelsior is one of the larger oil companies, with its stock listed on the Exchange.

We shall try to look inside George's mind and find out what he and other people like him want to know about the Excelsior Refining Company or any other company in which he happens to own a few shares of stock.

We know right off the bat he does *not* want to grope his way through a forest of figures. In that respect he is like a lot of Americans.

As a small stockholder, the two main things George would like to know are: how much better off he is personally as a result of the company's operations; and how long this happy condition can be expected to last—in other words, how strong is the



"Where are the company plants?"

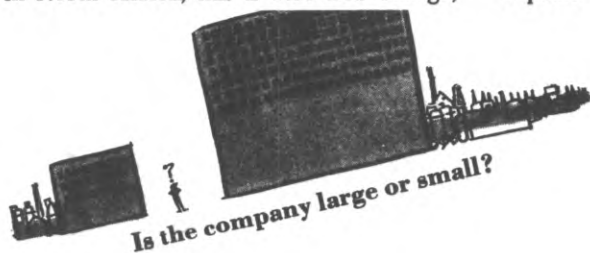


More than 3000 copies of the reprint have been purchased by public accounting firms. (In addition, there has been gratis distribution of 4800 copies).

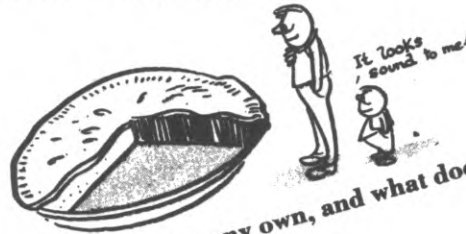
"George Rutherford Adams of Middleburg, Connecticut"

George Rutherford Adams of Middleburg, Connecticut, who runs a garage, service station and sandwich bar. He was wounded in North Africa, has a wife and George,

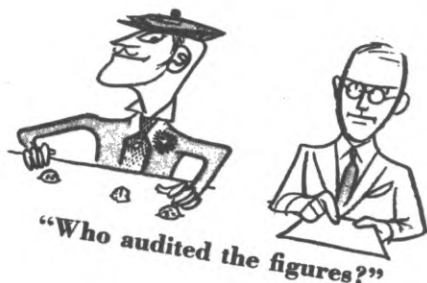
outfit. We are not only going to try to find out what he wants to see, but what he *ought to want* to see in a modern financial report.



Is the company large or small?



"What does the company own, and what does it owe?"



ACTIVITIES & PERSONALITIES IN THE NEWS

NEW YORK TIMES
July 5, 1948

President Is Nominated By Accountants Institute



Percival F. Brundage
The New York Times Studio

Nomination of Percival F. Brundage, partner of Price, Waterhouse & Co., 56 Pine Street, to serve the 1948-49 term as president of the American Institute of Accountants was announced over the week-end. Mr. Brundage heads a list of nominees whose names will be voted upon at the sixty-first annual meeting of the Institute in Chicago, Sept. 19-23. He is a member of the governing council of the Institute and is also first vice president of the New York State Society of Certified Public Accountants.

Chicago, Ill., Journal of Commerce
Circ. D. 32,920

JUL 7 - 1948

Percival F. Brundage, a partner in the New York firm of Price, Waterhouse & Co., has been nominated for president of the American Institute of Accountants.

BOSTON MASS POST

PICK BRUNDAGE TO HEAD ACCOUNTANTS

NEW YORK, July 4 (AP)—Percival F. Brundage of New York has been nominated for president of the American Institute of Accountants to serve the 1948-49 term.

Brundage, a partner in the New York firm of Price, Waterhouse & Co., heads a list of nominees whose names will be voted upon at the 61st annual meeting of the institute at Chicago, Sept. 19 to 23.

New York Journal of Commerce
Circ. D. 38,012

JUL 6 - 1948

Brundage Nominated As Accountants Head

Nomination of Percival F. Brundage of New York, a partner in Price, Waterhouse & Co., as president of the American Institute of Accountants for the 1948-1949 term, has been announced.

Mr. Brundage heads a list of nominees whose names will be voted upon at the annual meeting of the institute to be held in Chicago from Sept. 19 to 23.

Nominated to serve as vice presidents of the American Institute are T. Coleman Andrews of Richmond, Va., and J. William Hope of Bridgeport, Conn.

RICHMOND VA. NEWS LEADER

July 6, 1948

Andrews Nominated For Institute Post

T. Coleman Andrews, widely known Richmond accountant, has been nominated a vice-president of the American Institute of Accountants, scheduled to meet in Chicago in September to choose officers for 1948-49 terms.

Others on the slate with Mr. Andrews are Percival F. Brundage, of the New York firm of Price, Waterhouse & Co., nominee for president, and J. William Hope, of Bridgeport, Conn., chairman of the American Institute's board of examiners, nominee for the second of the institute's two vice-presidencies.

Mr. Andrews last year received the institute's annual award for "outstanding service" for his part in establishing and directing the corporation audits division of the general accounting office in Washington.

NEW YORK SUN

Circ. D. 287,136 Sat. 151,112

JUL 6 - 1948

Named to Head Accountants.

Percival F. Brundage, a partner in Price, Waterhouse & Co., has been nominated to serve the 1948-49 term as president of the American Institute of Accountants.

NY HERALD TRIBUNE
July 12, 1948

Heads Accountants' Group



Percival F. Brundage, partner in Price, Waterhouse & Co., who has been nominated to serve the 1948-1949 term as president of the American Institute of Accountants. The ticket which he heads will be voted upon by the sixty-first annual meeting of the institute Sept. 19 to 23 at Chicago.

New York Journal of Commerce
Circ. D. 31,383

MAY 4 - 1948

Accountants Name Carey as Director

Special to Journal of Commerce

ASHEVILLE, N.C., May 3.—John L. Carey today was named to the newly created post of executive director of the American Institute of Accountants at the regular mid-year meeting of the council here.

Mr. Carey, who has been secretary of the institute, will take up his new duties immediately. He remains as managing editor of The Journal of Accountancy, monthly publication of the institute. Hildreth T. Winton has been made administrative secretary of the institute, following service as assistant secretary for 12 years.

The council passed a resolution urging the Senate to preserve the right of taxpayers to be represented before the Tax Court by certified public accountants and other non-lawyers.

Christian Science
Monitor—Boston
July 6, 1948

AIA Nominee



© Fabian Bachrach

Percival F. Brundage of New York has been nominated to serve as president of the American Institute of Accountants. The election will be held at the annual meeting in Chicago in September. Mr. Brundage, a partner in the accounting firm of Price, Waterhouse & Co., is a former president of the Massachusetts Society of Certified Public Accountants and is first vice-president of the New York State Society.

COMMERCIAL RECORD
BOSTON, MASS.

JUL 16 1948

J. W. Hope Nominated V-Pres. of American Accounting Inst.

J. William Hope of Fairfield, head of the accounting firm of J. William Hope & Co. of Bridgeport, has been nominated for the office of vice-president of the American Institute of Accountants. Officers will be voted upon at the 61st annual meeting of the Institute in Chicago, September 19 to 23. Nominated to serve as president is Percival F. Brundage of New York partner in Price Waterhouse & Company. Mr. Hope is at present chairman of the Institute's board of examiners.

July 8, 1948
THE MONTCLAIR TIMES

A. I. A. President



PERCIVAL F. BRUNDAGE of 169 Christopher Street, a partner in Price, Waterhouse and Company, has been nominated to serve the 1948-1949 term as president of the American Institute of Accountants, it was announced over the weekend at its headquarters in 13 East Forty-first Street. Mr. Brundage heads a list of nominees whose names will be voted upon at the sixty-first annual meeting of the Institute to be held in Chicago from Sept. 19 to 23 next.

Mr. Brundage is at present a member of the council or governing body of the American Institute, and of its executive committee. He is an alumnus of Harvard College, and is a director of the National Bureau of Economic Research and of Federal Union, Inc. He is first vice president of the New York State Society of Certified Public Accountants, a past president of the Massachusetts Society of Certified Public Accountants, and a member of the New Jersey Society of CPAs. He became a member of the American Institute in 1921, and has served on its board of examiners and a number of committees, including those on auditing procedure, budget and finance and publications.

-TAMPA FLA TRIBUNE
MAY 16

FLORIDIAN GETS MEDAL

NEW YORK, May 15.—(P)—The American Institute of Accountants to-day announced the award of the Elijah Watt Sells medal for excellence in examinations for the certificate of certified public accountant. Clayton C. Bullock, of Miami, was awarded the gold medal for highest marks in the examinations.

BRIDGEPORT, CONN., POST
Circ. D. 71,971 S. 53,505

JUL 6 - 1948

Accountants Institute Nominates J. W. Hope for Vice Presidency

NEW YORK, July 6—J. William Hope, Deer Park, Fairfield, Conn., head of the accounting firm of J. William Hope and company, of Bridgeport, Conn., has been nominated to serve the 1948-1949 term as one of two vice presidents of the American Institute of Accountants, it was announced at its headquarters here today.

This name is one of a list of nominees who will be voted upon at the 61st annual meeting of the Institute in Chicago Sept. 19 to 23 next.

Percival F. Brundage of New York, partner in Price, Waterhouse and company, is nominated to serve as president of the Institute for a one-year term. T. Coleman Andrews of Richmond, Va., chairman of the committee on Federal government accounting of the American Institute and formerly director of the Corporation Audits Division of the General Accounting Office in Washington, has been

RICHMOND VA TIMES DISPATCH

**Accountants
Nominate
T. C. Andrews**

T. Coleman Andrews, head of the Richmond accounting firm of his name, has been nominated to serve the 1948-49 term as one of two vice-presidents of the American Institute of Accountants, it was announced yesterday. Nominees will be voted on at the sixty-first annual meeting of the institute in Chicago, September 19 to 23.

Percival F. Brundage, of New York, partner in the accounting firm of Price, Waterhouse and Company, is the nominee for the American Institute presidency. Nominated to serve as a vice-president with Mr. Andrews is J. William Hope, of Bridgeport, Conn., chairman of the institute's board of examiners.

Mr. Andrews is chairman of the committee on Federal government accounting of the American Institute, and formerly was director of the corporation audits division of the General Accounting Office in Washington. For establishing and serving as first director of the division, he received last year the annual award of the American Institute for "outstanding service to the accounting profession through service to his country."



J. WILLIAM HOPE

ed for the office of Institute treasurer.

Mr. Hope has been a member of the American Institute of Accountants, which is the national professional society of certified public accountants, since 1927, and at present is chairman of the Institute's board of examiners. He is serving his sixth year on the organization's council or governing body, and is a member of its committee on cooperation with Congressional appropriations committees. He has been a member of a number of other Institute committees, including the executive committee and those on natural business year and membership. He is president of the national Association of Certified Public Accountant Examiners.

DETROIT MICH FREE PRESS
SUNDAY JULY 4 1948

Accountants Pick a New Yorker

NEW YORK—(A)—Percival F. Brundage, of New York, has been nominated for president of the American Institute of Accountants to serve the 1948-49 term.

Brundage, a partner in the New York firm of Price, Waterhouse & Co., heads a list of nominees whose names will be voted upon at the 61st annual meeting of the Institute at Chicago Sept. 19 to 23.

NEW YORK WORLD-TELEGRAM
Circ. D. 383,464 S. 251,970

JUN 21 1948

Clarity Held Lacking in Financial Reports

Financial statements can be meaningful only when they clearly state the bases for determining net income, Carman G. Blough, research director, told the American Institute of Accountants in Schwartz's Restaurant today.

Perhaps the most important need, he said, is to see that accounting procedures adequately recognize the "shifting value of the dollar," particularly as interest in financial information widens.

For many years, he pointed out, "we have prepared statements assuming, without weighing the assumption, that a dollar today is the same as it was 10, 20 or more years ago." Financial statements must, he said, consider the fact the value of the monetary unit can change drastically.

NEW YORK N. Y. JUNE 27 1964

AUG 12 194

Obscure Reports Alienate Public, Accountant Says

Contending that financial accounting must be revised drastically if it is to continue as a major tool of business in a period of growing social consciousness, Maurice H. Stans in the current issue of the Journal of Accountancy says that public demand must be met for income statements that clearly summarize the business done, the costs and expenses incurred and the profit realized.

Mr. Stans, partner in the accounting firm of Alexander Grant & Co., cites numerous criticism, both from within and without the accountancy profession, that public confidence is lacking in the clarity and proper functioning of financial accounting, adding:

'Terminology Confusing

"It is undeniable evidence of
gro... PHILADELPHIA, PA., BULLETIN
labo... Circ. D. 771,303 S. 630,524
othe... are

4 JUL 4 - 1948

PEOPLE IN BUSINESS: Percival F. Brundage, a partner of the accounting firm of Price, Waterhouse & Co., has been nominated for president of the American Institute of Accountants. . . . Lit Brothers ap-

Accountants Oppose Move To Bar Them in Tax Court



John L. Carey
The New York Times Studio

ASHEVILLE, N. C., May 3—A resolution urging the Senate to preserve the right of taxpayers to be represented before the Tax Court of the United States by certified public accountants and other qualified non-lawyers was passed here today by more than 100 members of the council of the American Institute of Accountants, meeting in the Grove Park Inn.

John L. Carey, secretary of the institute and managing editor of the Journal of Accountancy, was named to fill the new post of executive director of the institute. Hildreth T. Winton, assistant secretary,

NEW YORK JOURNAL OF ACCOUNTANCY & AMERICAN (AND OTHERS) Aug. 4-48

GUESTING FOR RUKEYSER:

On Federal Bookkeeping

(T. Coleman Andrews, Richmond, Virginia accountant and former director of the General Accounting Office of the United States, today acts as guest columnist for Merryle Stanley Rukeyser, who is on vacation.)

By T. COLEMAN ANDREWS
Former Director,
General Accounting Office
Of the U. S.

Written expressly for International News Service

Private enterprise lives and conducts its business in a gold-

Firms Urged to Make Reports Informative

There is an urgent need for improving the system of reporting corporation activity and income. George D. Bailey, president of the American Institute of Accountants states in the September issue of the Harvard Business Review.

Unless this is done, he contends, the present unsatisfactory system of reporting such activities could constitute a serious threat to our American system of free enterprise.

Expressing a good word for the "new look" in reports—the more elaborate and more attractive reports of recent vintage—he regrets, nevertheless, that this has not added materially to the information given to those who have been making a purposeful effort to study and analyze reports and who seek to use them in forming serious judgments.

Mr. Bailey, a member of the accounting firm of Touche, Niven, Bailey & Smart, thinks "most reports are pitched at too low a level of reader intelligence."

In answer to the question of why adequate corporate reporting is so important Mr. Bailey states:

"Corporations are the foundation of our national business activity. . . . The public can only judge the effectiveness of corporations by getting reports of corporation activity that contain adequate information as to how corporations are conducting themselves. If corporations do not provide this information, there is sure to be a demand that the government provide it. . . ."

He calls a definite program of education necessary. The first problem, he states, is how to increase the number of people who can be expected to understand corporate reports so that there can be an informed public to deal with the information.

Such regulatory agencies as the SEC, the ICC, the FCC and the FCC were set up to assure this. The public must be "protected" from the "evils" of the corporate form of organization and the "iniquities" of corporate finance.

Banks and insurance companies are rigidly regulated and closely watched and examined, the former by the comptroller of the currency, the Federal Deposit Insurance Corporation, the Federal Reserve Board and the State banking departments, the latter by the State insurance departments.

Precise bookkeeping and accounting, and "full disclosure" by the great industrial, commercial and financial enterprises of the country are required by law.

Thus the great organizations

He advocates adult education on the problem, and points out that the program will require a better understanding of accounting by public relations experts and those who are advising corporations on how to publish financial data.

Mr. Bailey believes two recent developments in the presentation of the year's earnings should be encouraged. One is the division of expenses and costs by natural classifications—such as labor, cost of materials and service bought, etc., and the second is the trend toward what has become to be known as the single-step form of income presentation—the showing of only one profit, to avoid meaningless subtotals.

New York Journal of Commerce
Circ. D. 38,012

JUN 22 1948

Need Seen for Net Profit Definition

The need for a common understanding of exactly what is meant by corporate net income "is becoming increasingly evident as the use of financial statements becomes more widespread," Carman G. Blough, director of research of the American Institute of Accountants, declared yesterday.

Readers of financial statements may be misled when "earnings per share" figures are presented without the details leading up to the calculation of those figures, he told a luncheon meeting of the New York Society of Security Analysts.

Outlining a number of problems involved in presenting income data, Mr. Blough said "possibly the most important of these is whether accounting procedures now in general application adequately recognize the shifting value of the dollar."

that have contributed so mightily to the high level of production and the high standard of living that the people have attained are held to a clear showing of faithful stewardship.

Incredible as it may seem, the Government, which now takes and spends not less than a fourth of the people's income, and which is twice as large as the first fifty of the greatest corporations in the country, not only does not measure up to the standards of bookkeeping, accounting and disclosure that it requires of private enterprise; it does not even keep a complete set of books!

Better Report Methods Urged On Accountants

Improved methods of accounting, and of reporting the results of accountants' work, particularly for stockholders' benefit, were urged Thursday by George D. Bailey of Detroit, president of the American Institute of Accountants.

He spoke to 500 attorneys and accountants at the annual accountants' conference opening at the University of Tulsa.

The stockholder, said Bailey, "is entitled first of all to a frank report of stewardship; a report on what happened, and an accounting of what the management did with the tools and facilities, the goodwill and going business entrusted to it."

"He should have all this in a way which permits him to form sound judgment about how well management is performing, and whether management should be kept at all, or rewarded."

Bailey, who is a senior partner in a Detroit accounting firm said

**CLARION-LEDGER
Jackson, Miss.
May 28, 1948**



JOHN L. CAREY, executive director of the American Institute of Accountants, whose speech on "The Certified Public Accountant and the Public Interest", will be one of the features at the spring meeting of the Mississippi Society of Certified Public Accountants at Jackson on May 29. Mr. Carey was named to the post of executive director of the American Institute at the mid-year meeting of the Institute Council in May, after having served as secretary of the Institute since 1930. An alumnus of Yale College, he first joined the staff of the Institute as assistant secretary in 1925. He is the author of "Professional Ethics of Public Accounting", and continues to be managing editor of "Journal of Accountancy".

Press Bureau, Middle Atlantic States
Accounting Conference-
Room 122, Ocean Forest Hotel
Myrtle Beach, S.C.

THE PUBLIC INFORMATION DEPARTMENT SENDS OUT
NEWS ON A REGIONAL ACCOUNTING CONFERENCE

More than three hundred practitioners are expected to attend the conference Wednesday afternoon, closing the three-day session at 5 p. m. Other speakers on the three-day program include: John W. McEachren of Detroit, chairmen respectively of the District of Columbia Institute of CPAs; George H. Bald, Baltimore, Maryland association of CPAs; Sydney H. Shaw, Rocky Mountain Society of Public Accountants; Michael C. Paterno, Virginia high school society; Charles A. Frank Stewart, chairman of the program on Tuesday by the Richmond, Va. Association of CPAs; and John L. Andrews, chairman of the program on cooperation with

AMERICAN INSTITUTE OF ACCOUNTANTS ...
13 EAST 41ST STREET, NEW YORK 17, N. Y.

Press Bureau, Middle Atlantic States
Accounting Conference, Room 122
Ocean Forest Hotel, Myrtle Beach, S.C.

FOR RELEASE: On receipt

MYRTLE BEACH, S.C., July 13.--Demand that the Federal government match, in keeping its own accounts, the standards of bookkeeping, accounting and disclosure it requires of private enterprise was voiced today (TU) by a former high-ranking government official at the Middle Atlantic States Accounting Conference, Ocean Forest Hotel here.

More the State-Columbia, SC. July 14, 48
the Dis **Middle Atlantic CPA Speaker**
speaker **Demands US Government Meet**
into its **High Standards It Imposes**
statement (Mr. Blough's address was follow-
ed by a commentary on accounting
and auditing procedures from the
viewpoint of the small practitioner
by A. Frank Stewart of Richmond,
Virginia, chairman of the Middle At-
lantic States Accounting Conference.)
representing six states and
meeting heard another
"it must take the public
ports. This was the
American Institute of Accountants, Middle Atlantic States
Accounting Conference, Room 122, Ocean Forest Hotel,
Myrtle Beach, S.C., July 13. (Special)
Demand that the federal govern-
ment in keeping its own ac-
counts of bookkeeping it

AMERICAN INSTITUTE OF ACCOUNTANTS ...
13 EAST 41ST STREET, NEW YORK 17, N. Y.

Press Bureau, Middle Atlantic States
Accounting Conference
Room 122, Ocean Forest Hotel
Myrtle Beach, South Carolina

FOR RELEASE: On receipt

MYRTLE BEACH, S.C., July 12.--The general public, "to an extent greater than ever before", today wants information about the profits and losses of business, and many expect full and clear disclosure of "significant items" in corporate financial statements.

Observer-Charlotte, NC
active
of the Midd.
Forest Hotel Middle Atlantic Conference
Opens, With Call For Public
to Be Told.
BY H. T. WILLCOX
MYRTLE BEACH, S. C., July 12.
The general public, "to an extent
greater than ever before," today
wants information about the profits
and losses of business, and may rea-
sonably expect full and clear dis-
closure of "significant items of in-
terest" in corporate financial state-
ments. Declaration was made today
by Carey of New York,
chairman of the American
Institute of Accountants, at a ses-
sion of the Middle Atlantic States
Accounting Conference, which
opens today at the Ocean
Forest Hotel here.

"Nervous a security of the said Mr. Carey, Columbia heard Mr. Carey and other speakers. certified public accountants representing tense and confused world conditions" interest in the affairs of business. is being called upon today to

AMERICAN INSTITUTE OF ACCOUNTANTS...
13 EAST 41ST STREET, NEW YORK 17, N. Y.

Press Bureau, Middle Atlantic States
Accounting Conference, Room 122,
Ocean Forest Hotel, Myrtle Beach, S. C.

FOR RELEASE: On receipt

MYRTLE BEACH, S.C., July 14.—Prediction that a high rate of Federal tax will be imposed on business income "for some time to come", and the charge that the "income tax structure is cumbersome and confusing to all concerned" were high points brought to the attention of the tax session of the Middle Atlantic States Accounting Conference today (WED) at the Ocean Forest Hotel here.

Leland G. Sutherland of New York, a speaker at the session, pointed out that many of the tax laws enacted into Federal revenue have been enacted into Federal revenue at the expense of the taxpayer. He said that the committee "greater emphasis on the federal taxation of the American business income".

High Federal Tax Rate for Some Time to Come Predicted at Session Of Middle Atlantic CPAs Conference
Myrtle Beach, July 14.—(Special)—Prediction that a high rate of federal tax will be imposed on business income "for some time to come," and the charge that the "income tax structure is cumbersome and confusing to all concerned" were high points brought out today by a speaker at a tax session of the Middle Atlantic States Accounting Conference at the Ocean Forest hotel here. Leland G. Sutherland of New York, vice-chairman of the committee on federal taxation of the American Institute of CPAs, introduced by Michael C. Paterno of Charleston, president of the West Virginia Society of Certified Public Accountants. Discussion of Mr. Sutherland's paper was led by R. H. Crowell of Washington, immediate past president of the District of Columbia Institute of CPAs. At another session of the conference today, the tax liabilities of management.

Press Bureau, Middle Atlantic States
Accounting Conference, Room 122
Ocean Forest Hotel, Myrtle Beach, S.C.

AMERICAN INSTITUTE OF ACCOUNTANTS...
13 EAST 41ST STREET, NEW YORK 17, N. Y.

FOR RELEASE:

On receipt

A COOPERATIVE RELEASE- Helping a State Society to Announce Its New Officers-

MYRTLE BEACH, S.C., July 13.—Fred G. Eichhorn of Greensboro was elected president of the North Carolina Association of Certified Public Accountants at the annual business meeting of the organization held this afternoon in connection with the Middle Atlantic States Accounting Conference at the Ocean Forest Hotel here.

A. T. Allen of Raleigh was elected executive vice-president and J. B. Rogerson of Chapel Hill was elected secretary.

Black of Durham was chosen to be publications vice-president and treasurer.

resident of the North

stele of

The American Institute of Accountants
Public Information Department

*

*

*

*

Radio Interview with Mr. Mark E. Richardson
Fort Worth, Texas - Station KFJZ
May 31, 1948

RADIO SCRIPT PREPARED BY THE
PUBLIC INFORMATION DEPARTMENT

What the Tax Bill Did Not Do

ANNOUNCER:

Our guest this evening is Mr. Mark E. Richardson of New York, Chairman of the Committee on Federal Taxation of the American Institute of Accountants. Mr. Richardson's subject is "What The Tax Bill Did Not Do". He has a slant on taxes which was new to me, and I think our listeners will find that he has a thoroughly practical, down-to-earth approach to this question.

Mr. Richardson is in Fort Worth to address the annual meeting of the Texas Society of Certified Public Accountants. The accountants are concerned with a lot of technical points about taxation, which are no doubt highly important, but I have asked Mr. Richardson to talk to the radio audience about the way taxes affect you and me.

Mr. Richardson, before the broadcast, you were telling me something about the effect of taxes on the average citizen, which I found very interesting. I wonder if you would repeat it for the radio audience.

MR. RICHARDSON:

Mr. _____, I've always thought that the best way to understand a complicated subject like taxes is to bring it down to a homely illustration with which everybody is familiar. The best illustration I've heard on this tax question puts it in terms of the milk and cream a consumer gets from a cow.

AMERICAN INSTITUTE OF ACCOUNTANTS

MEMORANDUM

From File Memorandum

To Members of Council

Subject The Bankers' Pamphlet

Date September 11, 1948

THE START OF A PUBLIC RELATIONS UNDERTAKING--

Plans for distribution of the pamphlet entitled "What Does an Auditor's 'Certificate' Mean?" and for meetings to interpret its meaning to members of bank credit staffs were first discussed at a conference held in the Philadelphia office of Ralph L. Stauffer, then and now chairman of the American Institute committee on cooperation with bankers and other credit grantors, on June 18, 1947.

Present at the meeting were Mr. Stauffer; Harry F. Schieman, as the chairman of the committee on cooperation with accountants of the Robert Morris Associates; Raymond W. Duning, secretary-treasurer of the Robert Morris Associates; W. John Davis, then president of Philadelphia chapter of the Robert Morris Associates, and then and now vice-president of the Federal Reserve Bank, and Frank A. Gale, representing the American Institute.

It was agreed that everything possible should be done to accomplish wide distribution of the pamphlet, and to organize meetings of bank staff members for the purpose of hearing the meaning and purpose of the pamphlet explained by certified public accountants and other competent speakers.

THE GROWTH OF THIS COOPERATIVE UNDERTAKING--

Since the original plans meeting in Philadelphia, distribution of "What Does an Auditor's 'Certificate' Mean?" has reached a total to date of 112,000 copies. Of this total, 83,000 copies have been distributed by 31 state societies of CPAs. The remaining copies have been mailed by the American Institute, many of them in quantities for distribution at meetings held by bank credit staffs. A number of these meetings have been held under sponsorship of Robert Morris Associates chapters or of chapters of state societies of CPAs. Notably successful meetings in Philadelphia, New York, Baltimore, Boston, and Bridgeport, Conn., have been addressed by Chairman Stauffer. Part of the literature developed for use at meetings is a transcript of questions and answers reported at the pioneer meeting held in Philadelphia.

WHAT DOES AN

auditor's 'certificate'

MEAN?

HELPING BANK CREDIT STAFFS TO
UNDERSTAND THE AUDITOR'S WORK



a pamphlet for bankers, investors, credit grantors and others who rely on the information in financial statements

AMERICAN INSTITUTE OF ACCOUNTANTS
13 East 41st Street • New York 17, N. Y.

WHAT DOES AN auditor's 'certificate' MEAN?

BALANCE-SHEETS and income statements submitted as a basis for credit, or in reports to stockholders, are commonly audited by independent certified public accountants. The "certificate" or report of the accountants precedes or follows the financial statements. It tells briefly what the auditor did and gives his opinion as to whether the financial statements fairly present the financial position and results of operations of the concern for the period under review. Many bankers and investors have only a hazy idea of what the auditor's certificate means. Some think it means more than it does. Many think it means less than it does. This leaflet explains what it does mean.

Responsible, Expert Judgment

The word "certificate" is somewhat misleading. Actually the auditor cannot "certify", in the sense of guaranteeing, that financial statements are "correct". Why not? Because accounting is not an exact science: human judgment and estimate necessarily enter into the classification and allocation of business transactions among various accounts, and various periods of time. Depreciation reserves, bad-debt reserves and inventory pricing, for example, are to some extent contingent on probabilities — what is expected to happen in the future.

But out of experience, "generally accepted accounting principles" have developed for the

THE STORY OF THE NATURAL BUSINESS
YEAR IN THREE "KEY" INDUSTRIAL
MAGAZINES—

MAY 1948

IT
AND
JARRY

Better Planning Through the Use of the Natural Business Year

another
PQ
exclusive

IT IS axiomatic in business that experiences in one year have strong bearing on determination of plans and policies to be followed during the next year. Management looks to annual financial statements not only as a report on the previous year's operations but also as a guide to the future. To be reliable guides, financial statements should show the results of a full annual cycle of operation.

Many businesses, however, are neglecting this key to efficient planning by using the calendar year instead of the natural business year as their basic accounting period. The natural business year—or natural fiscal year—of an enterprise is the period of 12 consecutive months ending when its activities have reached the lowest point in their annual cycle.

Financial statements drawn up at the close of the natural business year show more facts and fewer estimates. They give a complete picture of the past year's experience, without including expenses of the next operating season. They form an accurate basis for comparing operations of different years. State-

be done when executives are relieved, to some extent, of heavy sales or production duties. The period between operating seasons is the logical time to negotiate sales or wage contracts, consider credit needs of future months, approve expansion plans and new equipment budgets

By **WALTER F. KUHN**

C. P. A., Chairman, Committee on Natural Business Year, American Institute of Accountants

and make other preparations for the coming year's activities.

The use of natural business years also helps groups outside management—public accounting firms, bankers and other credit granting agencies. Because of the large number of calendar year closings at the present time, the demand for independent accounting service is disproportionately increased at the turn of the calendar year. With an excessive number of annual audits to perform, the certified public accountant finds it difficult to devote proper attention to each client. He is in a poor position to supplement his audit service with constructive counsel and advice. This unbalanced

date recommended by the committee on natural business year of the American Institute of Accountants.

Since the annual cycle of cement manufacturers is often similar to those of crushed stone and sand and gravel producers, the same closing date will in some cases apply also to the latter. Two certified public accountants have reported to the American Institute, however, that they have among their clients sand and gravel producers whose natural year ends on March 31.

Within any industry some concerns obviously have cycles differing from the average. Every company must study its own operations, using those of the industry as a whole for a guide.

Cycle of Cement Manufacturers

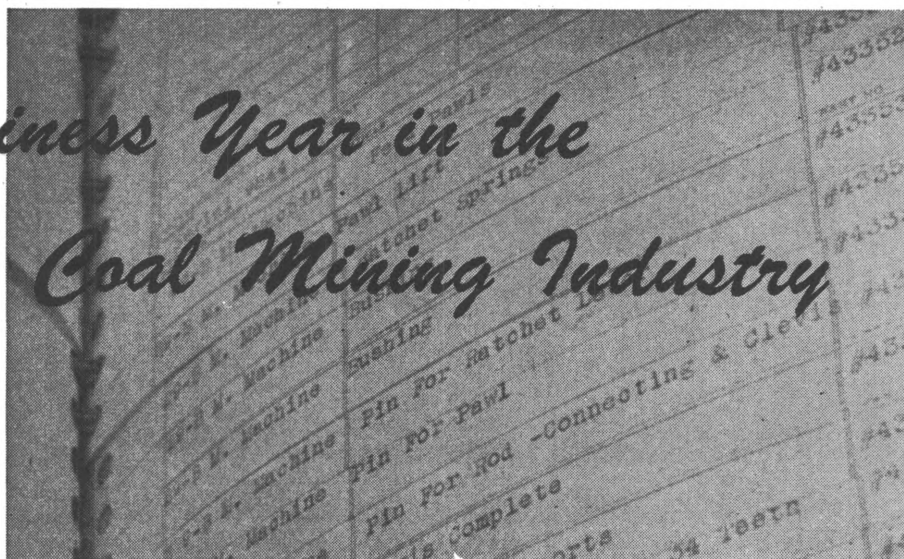
Production of portland cement is on the upswing in the spring, and is at a high level from May to October. Its peak is in August and September. Production declines to a low point in January and February, especially in the North, because of the slowing of construction activity in cold weather.

Although cement shipments follow production trends, fluctuations

Natural Business Year in the Coal Mining Industry

By Walter F. Kuhn *

Use of natural business year as basic accounting period permits more accurate financial statements and aids planning for future operations.



Today's high production and labor costs throughout industry put a premium on operating efficiency and able planning. Yet many businessmen are neglecting an important key to efficiency, and are making reliable planning unnecessarily difficult, by using the calendar year instead of the natural business year as their basic accounting period.

The natural business year—or natural fiscal year—of an enterprise is the period of twelve consecutive months ending when its activities have reached the lowest point in their annual cycle. In other words, it is the 12-month period which corresponds with the business's annual cycle of operations.

Under average operating conditions, the natural business year of bituminous coal mining companies ends on March 31. That is the date recommended by the committee on natural business year of the American Institute of Accountants.

Aid to Effective Planning. The fact that experiences in one year have strong bearing on determination of plans and policies for the next year is axiomatic in business. Annual financial statements of a company are useful to management not only as a report on the previous year's operations, but also as a guide to the future. They are an essential base for the formulation of policies for the coming 12 months.

To be a reliable guide, the annual statements should

Natural business year financial statements are more accurate, reflecting more facts and less estimate. For example, receivables, an important item in income statements and balance sheets, are at or near their annual minimum at the close of the natural year. Since their "valuation" involves a degree of estimate, at that time the possibilities, of over- or under-estimate are greatly reduced.

Labor costs account for a large percentage of total production costs in the coal mining industry. If possible, annual financial statements should be prepared at a date corresponding to the closing date of labor contracts. The common practice in the industry is to make labor contracts at the end of March or early in April, in alternate years. Thus, a financial statement prepared March 31 will include expenses incurred under only one contract, while annual statements prepared at another date could include expenses of two separate contracts under which labor costs were substantially different.

Aid to Bankers and CPAs. Use of the natural business year is helpful to groups outside management—accounting firms, bankers, other credit grantors.

Because of the large number of companies in various businesses and industries closing their accounts on December 31, credit staffs of banks are under heavy

READ WHEREVER
CANDY IS MADE



AUGUST, 1948

How to Eliminate Accounting Guesswork:

Natural Business Year for Candy

by **WALTER F. KUHN**,
*Certified Public Accountant and Chairman,
Committee on Natural Business Year,
American Institute of Accountants*

VICTIMS OF HABIT and custom, many businesses are using the calendar year as their basic accounting period when adoption of their natural business year would help immeasurably to increase their efficiency. Figuring annual profit or loss at the end of the calendar year is often as unnatural as putting Christmas candy on sale on the Fourth of July.

The natural business year—or the fiscal year—of an enterprise is the period of 12 consecutive months ending when its activities have reached the lowest point in their annual cycle. Under average conditions, the natural business year closing date for confectionery manufacturers is June 30. This is the date recommended by the committee on natural business year of the American Institute of Accountants, national professional society of certified public accountants.

Using the natural business year takes guesswork out of many phases of business operation. At the end of the natural year, receivables are at their minimum or declining. Bank loans have been liquidated, and inventories are low. All of these things mean that more certainty and less estimate enter into determination of operating profit.

Estimating "Valuations"

"Valuation" of inventories and receivables—two of the most important items in income statements and balance sheets—always involves a degree of estimate. As these items are smallest at the end of the annual business cycle, the possible effects of over- or underestimate are correspondingly reduced. With the additional item of bank loans and other current liabilities at a low point, the firm is in its most liquid condition. The result is financial statements which most accurately show the facts of the business.

Christmas holiday rush. Then they decline until buying for Easter causes a rise in March. They fall off with the coming of hot weather and customarily drop lowest in July.

Sale of bar and penny goods, of course, usually decreases at the holidays because of customer demand for holiday goods. Where a concern is close to retailers or sells directly to customers, peak sales lag behind those of concerns selling to wholesalers.

Large Inventories Impractical

Inventories: Both raw materials and finished product are in part perishable. As a result, accumulating sizeable inventories of either is impractical. The seasonal fluctuation of inventories of finished goods resembles that for sales, although modified. Stocks of raw materials naturally increase before the heavy selling seasons, and thus are highest in late Fall or early Winter and lowest in Summer.

Taking inventory in June, when the stocks are low, has obvious advantages. First, it permits the most accurate count. Second, there is little interference with productive activities, as normal operations have temporarily declined. Third, regular employees, relieved to some extent of usual responsibilities, are available to assist in inventory taking. Fourth, executives are comparatively free to supervise. In some organizations, part of the work of taking inventory is distributed throughout the year. Nevertheless, there remains the last-minute task of bringing records up to date and summarizing them preparatory to closing the accounts.

Receivables: Receivables are largest during the time of heaviest sales in Fall and early Winter. A typical collection period is one month. Receivables decline in April following the Easter holiday selling and liquidation.